

City Manager - Office of Economic Development

Paul Krutko, Director

M I S S I O N

Foster business growth, job creation, and a strong revenue base to meet the needs of our diverse community

City Service Area

Community and Economic Development

Core Services

Arts and Cultural Development

To develop and manage resources that support and build diverse cultural organizations and the arts

Business Development and Economic Strategy

Promote business by providing assistance, information, access to services, and development permit facilitation

Outdoor Special Events

To coordinate, support, and produce outdoor special events on public and private property

Workforce Development

Assist businesses in hiring a quality workforce through assessment, supportive services, and employability skills training

Strategic Support: Administrative Support

City Manager - Office of Economic Development

Department Budget Summary

	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Arts and Cultural Development	\$ 2,218,752	\$ 1,982,127	\$ 1,919,203	\$ 1,739,892	(12.2%)
Business Development and Economic Strategy*	2,194,033	2,268,024	2,272,328	2,147,386	(5.3%)
Outdoor Special Events	694,368	665,040	622,132	584,034	(12.2%)
Workforce Development	4,317,356	4,455,295	4,819,964	4,624,918	3.8%
Strategic Support	457,979	411,832	468,264	349,165	(15.2%)
Total	\$ 9,882,488	\$ 9,782,318	\$ 10,101,891	\$ 9,445,395	(3.4%)
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 9,083,872	\$ 9,141,897	\$ 9,462,470	\$ 8,810,973	(3.6%)
Overtime	3,517	15,525	15,525	10,525	(32.2%)
Subtotal	\$ 9,087,389	\$ 9,157,422	\$ 9,477,995	\$ 8,821,498	(3.7%)
Non-Personal/Equipment	795,099	624,896	623,896	623,897	(0.2%)
Total	\$ 9,882,488	\$ 9,782,318	\$ 10,101,891	\$ 9,445,395	(3.4%)
Dollars by Fund					
General Fund	\$ 4,432,931	\$ 3,826,423	\$ 3,732,065	\$ 2,967,684	(22.4%)
Comm Dev Block Grant	N/A	37,925	17,239	63,341	67.0%
Conv & Cultural Affairs	N/A	45,319	47,206	0	(100.0%)
Gift Trust Fund	N/A	N/A	N/A	107,802	100.0%
Healthy Neighborhoods	N/A	44,457	39,975	0	(100.0%)
Integrated Waste Mgmt	N/A	6,532	2,911	2,875	(56.0%)
Low/Mod Income Hsg	N/A	17,330	48,774	41,037	136.8%
Transient Occupancy Tax	344,876	382,983	394,625	542,848	41.7%
Workforce Investment Act	4,487,265	4,650,899	5,024,948	4,956,775	6.6%
Capital Funds	617,416	770,450	794,148	763,033	(1.0%)
Total	\$ 9,882,488	\$ 9,782,318	\$ 10,101,891	\$ 9,445,395	(3.4%)
Authorized Positions	76.00	72.00	72.00	69.00	(4.2%)

* This Core Service was formerly named Business/Job Attraction, Retention, Expansion, and Creation.

City Manager - Office of Economic Development

Budget Reconciliation

(2009-2010 Adopted to 2010-2011 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2009-2010):	72.00	9,782,318	3,826,423
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Non-Profit Platform Temporary Staffing		(60,000)	(26,400)
One-time Prior Year Expenditures Subtotal:	0.00	(60,000)	(26,400)
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position reallocations:		559,528	118,507
- 1.0 Economic Development Officer to Senior Executive Analyst			
- 1.0 Manager of Corporate Outreach to Division Manager			
• Annualization of Special Events Coordination Staffing		(94,775)	(94,775)
• Annualization of Office of Cultural Affairs Management Staffing		(70,080)	(70,080)
• Non-Profit Platform Funding Realignment		0	(6,510)
• Changes in professional development costs		(14,100)	(14,100)
• Changes in vehicle maintenance and operation costs		(1,000)	(1,000)
Technical Adjustments Subtotal:	0.00	379,573	(67,958)
2010-2011 Forecast Base Budget:	72.00	10,101,891	3,732,065
Budget Proposals Approved			
1. SJRA Budget Reduction - Office of Economic Development	(2.00)	(259,141)	(259,141)
2. Non-Profit Platform/work2future Executive Management	(1.00)	(156,711)	6,416
3. Office of Economic Development Employee Total Compensation Reduction		(152,503)	(152,503)
4. Public Art Program Funding Realignment	(1.00)	(123,352)	(78,243)
5. K-12 Arts Education Program Staffing Funding Reallocation		(11,759)	(119,561)
6. Arts and Cultural Contractual Services and Overtime Funding		(43,385)	(43,385)
7. Economic Development Management and Professional Employees Total Compensation Reduction		(88,031)	(49,698)
8. Arts Program Staffing Funding Reallocation		0	(138,987)
9. Clean Tech Business Expansion Funding Reallocation		0	(48,692)
10. work2future Administrative Support Funding Reallocation		0	(24,956)
11. Special Events Coordination Staffing	0.00	3,386	(30,631)
12. Development Services Project Management	1.00	175,000	175,000
Total Budget Proposals Approved	(3.00)	(656,496)	(764,381)
2010-2011 Adopted Budget Total	69.00	9,445,395	2,967,684

City Manager – Office of Economic Development

Budget Changes By Department

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. SJRA Budget Reduction – Office of Economic Development	(2.00)	(259,141)	(259,141)

Community and Economic Development CSA
Business Development and Economic Strategy
Strategic Support

This action eliminates 1.0 filled Analyst and 1.0 filled Economic Development Officer. The elimination of the Analyst in the Economic Development Division will consolidate administrative analytic support across the Business Development and Economic Strategy, Arts and Cultural Development, and Outdoor Events and Administrative units of Office of Economic Development. This position currently provides assistance with analysis of property research and site selection and research in support of development projects. It is anticipated that these duties will be absorbed by the Development Facilitation Unit professional staff, to the extent possible. The elimination of an Economic Development Officer will result in reduced capacity for general economic development activities in support of retail and corporate outreach and special regional projects. The San Jose Redevelopment Agency (SJRA) currently reimburses the City for half of these Agency-related services; however, due to financial constraints, the SJRA can no longer support these positions. These position eliminations also include a reduction in reimbursement to the General Fund from the San Jose Redevelopment Agency in the amount of \$129,570. (Ongoing savings: \$283,766)

Performance Results:

Cost, Customer Satisfaction, Cycle Time, Quality This action will reduce resources for development facilitation services, requiring those activities to be absorbed by remaining staff to the extent possible; consolidate administrative support services for OED's Business Development and Economic Strategy, Arts and Cultural Development, Outdoor Special Events and Administrative Core Services; and decrease the capacity for general economic development activities.

2. Non-Profit Platform/work2future Executive Management	(1.00)	(156,711)	6,416
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Community and Economic Development CSA
Business Development and Economic Strategy
Workforce Development

This action eliminates 1.0 vacant Deputy Director position (vacant since February 2008) that managed work2future as well as reallocates work2future, Non-Profit Platform, and Team San José functions to two positions absorbing these management duties. A Deputy Director position responsible for Non-Profit Platform and Team San José coordination was created in 2009-2010. With the elimination of the vacant work2future Deputy Director, the management of work2future and Non-Profit Platform will be performed by a filled Deputy Director. Team San José coordination activities will be reallocated to an existing Senior Executive Analyst position. A funding realignment for the filled Deputy Director position is recommended as follows: decrease funding of 0.20 from various Non-Profit Platform funds and 0.20 from the Convention and Cultural Affairs Fund; and increase funding from the Workforce Investment Act (WIA) Fund. This will result in a Deputy Director funded 0.40 by WIA and 0.60 by the Non-Profit Platform in various funds. This action also eliminates HNPF funding that previously supported this position. (Ongoing savings: \$157,243)

City Manager – Office of Economic Development

Budget Changes By Department (Cont'd.)

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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2. Non-Profit Platform/work2future Executive Management (Cont'd.)

Performance Results:

Cost, Customer Satisfaction, Cycle Time, Quality This action consolidates oversight responsibilities for the City's work2future program and non-profit platform into one position to achieve efficiencies and align funding sources with the combined oversight responsibilities of this position.

3. Office of Economic Development Employee Total Compensation Reduction		(152,503)	(152,503)
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Community and Economic Development CSA

Arts and Cultural Development

Business Development and Economic Strategy

Outdoor Special Events

Workforce Development

Strategic Support

As a result of compensation reductions for various bargaining groups as approved by the City Council on June 22, 2010, this action reflects a 10% reduction in total compensation costs, of which 5% is ongoing, for various bargaining units (AEA, ALP, AMSP, CAMP, IBEW, and OE3); an additional 5% total compensation reduction for Executive Management and Professional Employees and Unrepresented Employees (Units 99 and 81/82) for a total 10% reduction in compensation, of which 5% is ongoing; and a 5% reduction in ongoing total compensation costs for ABMEI. The savings generated from these actions helped address the General Fund shortfall, thereby retaining City services which would otherwise have been eliminated.

The compensation adjustment actions, which vary by employee group, include: general wage decreases, freezing of merit increases, additional employee contributions to retirement to offset the City's contributions, healthcare cost sharing changes (from 90% City/10% employee to 85% City/15% employee), healthcare plan design changes including increased co-pays, and changes in healthcare in lieu, healthcare dual coverage, and disability leave supplement. The specific actions are described in each bargaining unit's agreement with the City that can be found at: <http://www.sanjoseca.gov/employeeRelations/labor.asp>.

These compensation actions generate savings of \$8.6 million in the General Fund, offset by overhead and other reimbursement losses of \$856,000, resulting in total net General Fund savings of \$7.7 million. In the Office of Economic Development, the General Fund savings totals \$152,503 as reflected in the 2010-2011 Adopted Budget. It should be noted that because of the timing of the concession agreements, the total value of the savings in all other funds is not yet available. Compensation savings generated for other funds will be brought forward as part of the 2009-2010 Annual Report, to be released on September 30, 2010. (Ongoing General Fund savings: \$76,252)

Performance Results: N/A

City Manager – Office of Economic Development

Budget Changes By Department (Cont'd.)

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
4. Public Art Program Funding Realignment	(1.00)	(123,352)	(78,243)

Community and Economic Development CSA
Arts and Cultural Development

This action eliminates 1.0 vacant Senior Arts Program Coordinator position, as well as reallocates 0.15 of a Section Manager position and 0.33 of a Staff Specialist position from the General Fund to capital funds. A portion of the Staff Specialist position (0.20) will be shifted from the General Fund to the Transient Occupancy Tax Fund. These positions provide public art project management, artist training, community outreach, development of the Public Art Master Plan, policy guidelines, and administrative support for the Public Art program. The funding reallocations and vacant position elimination will align funding with resources available and the duties performed. (Ongoing savings: \$123,792)

Performance Results:

Cost, Customer Satisfaction, Cycle Time, Quality The funding shift supports the alignment of program resources with fiscal and administrative support work performed in support of the Public Art program. The position elimination reduces Public Art program support.

5. K-12 Arts Education Program Staffing Funding Reallocation	(11,759)	(119,561)
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Community and Economic Development CSA
Arts and Cultural Development

This action reallocates 1.0 filled Senior Arts Program Coordinator responsible for managing the K-12 Arts Education Program to the Gift Trust Fund for one year and eliminates this program and corresponding staff effective July 2011. This one-time reallocation will allow staff to mitigate the impact of the elimination of this program through this transition period. As a result of the ongoing elimination of this program, the City will no longer administer the Arts Express education program serving over 28,000 K-12 youth. With the elimination of this program accessibility for students to arts experiences will be reduced. Some access is anticipated to remain through local arts organizations that coordinate directly with schools. (Ongoing savings: \$131,023)

Performance Results:

Cost, Customer Satisfaction, Quality This action will result in reduced accessibility to arts experiences for San José students due to the elimination of City administration and coordination of arts education services with participating educators beginning in 2011-2010. Some access could remain through local arts organizations coordinated directly with schools.

City Manager – Office of Economic Development

Budget Changes By Department (Cont'd.)

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
6. Arts and Cultural Contractual Services and Overtime Funding		(43,385)	(43,385)

Community and Economic Development CSA
Arts and Cultural Development

This action will eliminate funding for contractual services for arts and cultural development activities in the Office of Cultural Affairs. The contractual services funding is utilized for additional assistance for special projects, augmenting staff capacity and enhancing service delivery. This action will also reduce the General Fund overtime budget by \$5,000 which will more accurately align budgeted funds with historical expenditures. It is anticipated that these reductions will have minimal to no service level impacts. (Ongoing savings: \$43,385)

Performance Results: Minimal service level impacts are anticipated.

7. Economic Development Management and Professional Employees Total Compensation Reduction		(88,031)	(49,698)
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Community and Economic Development CSA
Workforce Development
Strategic Support

This action is a reduction in personnel costs equivalent to 5% of total compensation for Executive Management and Professional Employees (Unit 99). The savings generated from these actions helps address the General Fund shortfall, thereby retaining City services which may otherwise have been eliminated. The compensation adjustments include a 4.75% general wage decrease, freezing of merit increases, healthcare cost sharing changes (from 90% City/10% employee to 85% City/15% employee), healthcare plan design changes including increased co-pays, and changes in healthcare in lieu, healthcare dual coverage, and disability leave supplement. These actions result in savings of \$1.23 million in the General Fund including overhead loss and \$2.1 million in all funds. In the Office of Economic Development, savings total \$49,698 in the General Fund, \$88,031 in all funds. (Ongoing savings: \$88,031)

Performance Results: N/A

8. Arts Program Funding Reallocation		0	(138,987)
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Community and Economic Development CSA
Arts and Cultural Development

This action will reallocate 0.40 of an Analyst position and 0.70 of a Senior Arts Program Coordinator position from the General Fund to the Transient Occupancy Tax (TOT) Fund. This funding reallocation will align funding with the duties performed and generate \$138,987 in General Fund savings. These shifts to the TOT Fund, combined with the shift of 0.20 Staff Specialist to this fund described earlier, will ensure ongoing resources for management and administration of the TOT grant program, but reduce the available funds for arts organization grant support (from \$2.49 million to \$2.33 million). (Ongoing savings: \$0)

City Manager – Office of Economic Development

Budget Changes By Department (Cont'd.)

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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8. Arts Program Funding Reallocation (Cont'd.)

Performance Results:

Cost, Customer Satisfaction, Cycle Time, Quality This action continues management and professional administrative support for the City's core arts program, aligning funding resources with staff responsible for program design, grant administration and compliance, and outreach.

9. Clean Tech Business Expansion Funding Reallocation	0	(48,692)
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Community and Economic Development CSA
Business Development and Economic Strategy

This action will reallocate 0.35 of an Economic Development Officer position to Community Development Block Grant funding for 2010-2011 to implement and administer a recently awarded \$1.2 million Clean Tech Grant. This one-time reallocation aligns the funding with the position duties, and generates \$48,692 in General Fund savings. (Ongoing savings: \$0)

Performance Results:

Cost, Cycle Time, Customer Satisfaction, Quality This action provides General Fund savings and supports the alignment of funding to timely economic development activities focused on job creation and business growth by advancing the City's Clean Tech Strategy.

10. work2future Administrative Support Funding Reallocation	0	(24,956)
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Community and Economic Development CSA
Business Development and Economic Strategy

This action will reallocate 0.25 of a Staff Specialist position to the Workforce Investment Act (WIA) Fund to provide increased administrative support for WIA programs. This position will be funded 25% from the Redevelopment Agency and 75% from the WIA Fund as a result of this reallocation, generating \$24,956 in General Fund savings. (Ongoing savings: \$0)

Performance Results:

Cost, Customer Satisfaction, Quality This funding shift will reallocate support staff resources to the service programs of the work2future division of the Office of Economic Development.

City Manager – Office of Economic Development

Budget Changes By Department (Cont'd.)

Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
11. Special Events Coordination Staffing <i>Community and Economic Development CSA</i> <i>Outdoor Special Events</i> <p>This action eliminates 1.0 filled Senior Events Coordinator position (1 of 3 special events staff) in the Office of Cultural Affairs (OCA). The elimination of this position will reduce oversight, planning and coordination for a significant number of the over 400 city-wide special events that occur annually. Remaining staff will prioritize special events and focus on the more complex, larger revenue generating events. Delays in processing applications and authorizing events will occur, in addition to the loss of city-wide coordination of cross departmental services and community outreach. In addition, this action will transfer 1.0 Marketing/Public Outreach Manager from the Parks, Recreation and Neighborhood Services Department to the Office of Cultural Affairs in the Office of Economic Development, transferring the responsibility of developing a sustainable community produced model for the Christmas in the Park and Holiday Parade events. (Ongoing costs: \$8,670)</p> <p>Performance Results: Cost, Customer Satisfaction, Cycle Time, Quality This action will result in focusing remaining resources on the more complex, revenue generating events and development of a new service delivery model for Christmas in the Park and the Holiday Parade. Delays in processing applications and permitting events will occur, in addition to a reduction in city-wide coordination of cross departmental services and outreach.</p>	0.00	3,386	(30,631)
12. Development Services Project Management <i>Community and Economic Development CSA</i> <i>Business Development and Economic Strategy</i> <p>This action adds 1.0 Senior Executive Analyst limit dated position for one year. The addition of this position will provide a cross-departmental project manager assigned to all high profile development projects, ensuring that projects are processed and permitted on schedule. Duties will include working with all development services partners (Planning, Building, and Code Enforcement; Public Works; and Fire) to identify gaps and overlaps in processes and identify interdepartmental streamlining opportunities which are anticipated to eventually diminish the need for the project manager. (Ongoing costs: \$0)</p> <p>Performance Results: Customer Satisfaction, Cycle Time, Quality This action provides an additional resource in the form of a process advocate for high level, revenue and job generating projects, ensuring projects proceed through the permit approval process as quickly as possible. Additionally, the position will be responsible for identifying and recommending technological improvements and interdepartmental streamlining of the permit process thereby reducing cycle times.</p>	1.00	175,000	175,000
2010-2011 Adopted Budget Changes Total	(3.00)	(656,496)	(764,381)

City Manager - Office of Economic Development

Departmental Position Detail

Position	2009-2010 Adopted	2010-2011 Adopted	Change
Account Clerk II	1.00	1.00	-
Accountant II	1.00	1.00	-
Accounting Technician	1.00	1.00	-
Administrative Assistant	1.00	1.00	-
Analyst I/II	13.00	12.00	(1.00)
Arts Program Coordinator	1.00	1.00	-
Assistant Director, Economic Development	1.00	1.00	-
Community Coordinator	3.00	3.00	-
Community Services Supervisor	1.00	1.00	-
Deputy Director	3.00	2.00	(1.00)
Director, Economic Development	1.00	1.00	-
Division Manager	2.00	3.00	1.00
Economic Development Officer	7.00	5.00	(2.00)
Events Coordinator II	1.00	1.00	-
Manager of Corporate Outreach	1.00	0.00	(1.00)
Marketing/Public Outreach Manager	0.00	1.00	1.00
Network Technician II	2.00	2.00	-
Section Manager	2.00	2.00	-
Senior Account Clerk	2.00	2.00	-
Senior Accountant	0.00	0.00	-
Senior Analyst	6.00	6.00	-
Senior Arts Program Coordinator	7.00	6.00	(1.00)
Senior Events Coordinator	2.00	1.00	(1.00)
Senior Executive Analyst	1.00	3.00	2.00
Senior Office Specialist	7.00	7.00	-
Staff Specialist	2.00	2.00	-
Staff Technician	2.00	2.00	-
Supervising Accountant	1.00	1.00	-
Total Positions	72.00	69.00	(3.00)